



Pensions – Administration moves centre stage




Innovation in administration and customer service

Jonathan Willis – Chief Administration Officer




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The slide features a header image showing a modern glass-fronted office building on the left and two people, a man and a woman, looking at a computer monitor on the right. The main content area is white with blue text. At the bottom left is the IFDS logo, and at the bottom right is the website URL and another IFDS logo.

Content


- Introduction to IFDS and Percana
- Operating model
- Automation / Innovation
- Why is this necessary?
- Any questions?

34

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The slide has a white background with a black border. It starts with the IFDS logo and the word 'Content' in a large, bold font. A horizontal line follows. Below the line is a bulleted list of five items. At the bottom left is the number '34', and at the bottom right is the website URL and the IFDS logo.


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IFDS are the UK's leading provider for funds

- 44 clients and 2 under letter of intent (Collective Investment Schemes, Investment Trusts and Pensions)
- 7.0 million unitholdings
- £231 billion FUM
- 1,257 funds with 2,702 sub-funds
- Approximately 50% UK market share (value of assets)
- 2,176 employees of which 350 are in software development, IT production and support
- Proven contemporary collective investment record keeping platform, FAST, which includes fully integrated image and workflow management software, AWD
- IFDS and DST continue to invest in technology - over £100 million per annum including approximately £10 million per annum by IFDS in the UK
- Operating revenues of approximately £110 million
- Substantial investment in open architecture, pension and investment trust technologies. First pension deal in 2006
- Major shareholder of, and system supplier to, Cofunds, a distributor of over 1,600 3rd Party Funds from 90+ management groups with £25bn+ FUM
- "D&B rating of 1"

35 Figures are as at 30 June 2010



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State Street / DST joint ventures and affiliates

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graph TD
    SS[STATE STREET] --- JV[Joint Ventures]
    DST[DST SYSTEMS] --- JV
    JV --- Percana
    JV --- CF[c-funds]
    JV --- IFDS_Canada[IFDS CANADA]
    JV --- IFDS_USA[IFDS USA]
  
```

STATE STREET

- \$19.03* trillion in assets under custody
- \$1.78* trillion in assets under management

DST SYSTEMS

- 124.9 million accounts serviced
- 220,000 AWD terminals worldwide

100% Shareholding

Percana

- 14 clients
- 13 countries

21% Shareholding

c-funds

- 90+ management groups
- 1,600 funds
- £25 bn of assets managed

IFDS CANADA

- Canada
- 49 clients
- 10.2 million accounts

Luxembourg & Ireland


- 106 clients
- 206,000 accounts

UK

- 44 clients
- 7 million accounts

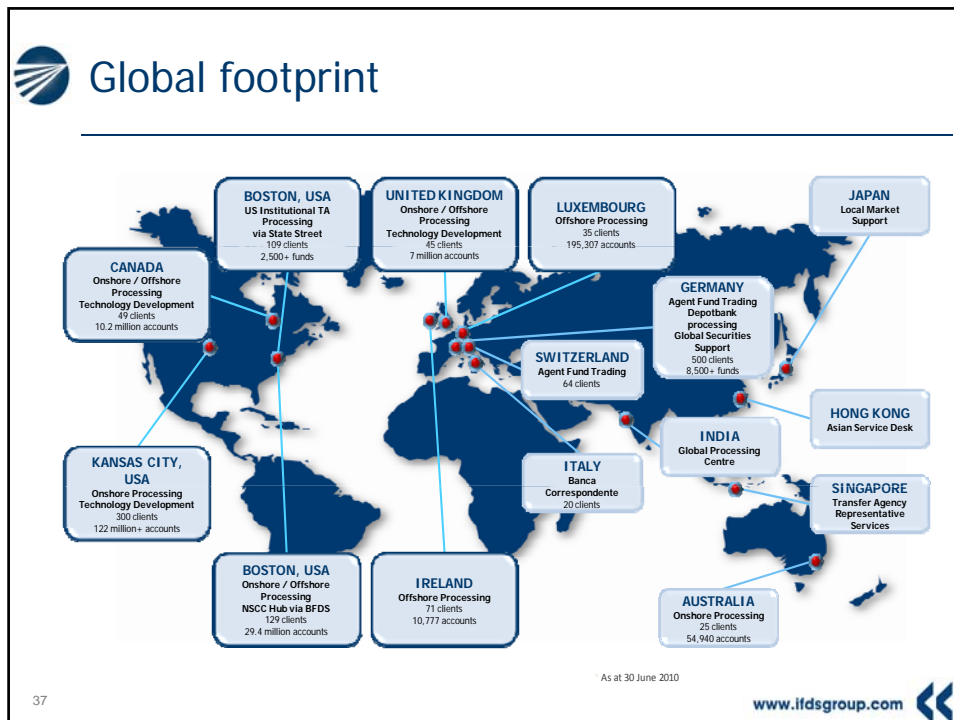
IFDS USA

- USA
- 129 clients
- 29.4 million accounts

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37


Percana

- Dublin based outsourcing services and software provider for Life and Pensions
- Manages a wide range of life and pensions products throughout the full policy lifecycle
- Product delivery
 - Life and Pension outsourcing
 - Life and Pensions software
 - Consultancy services
 - Training
- Employs over 250 people
- Outstanding technology, strong existing client base and successful growth record provides clear links to IFDS, as we pride ourselves in offering customer focused administration solutions for a wide range of financial products.


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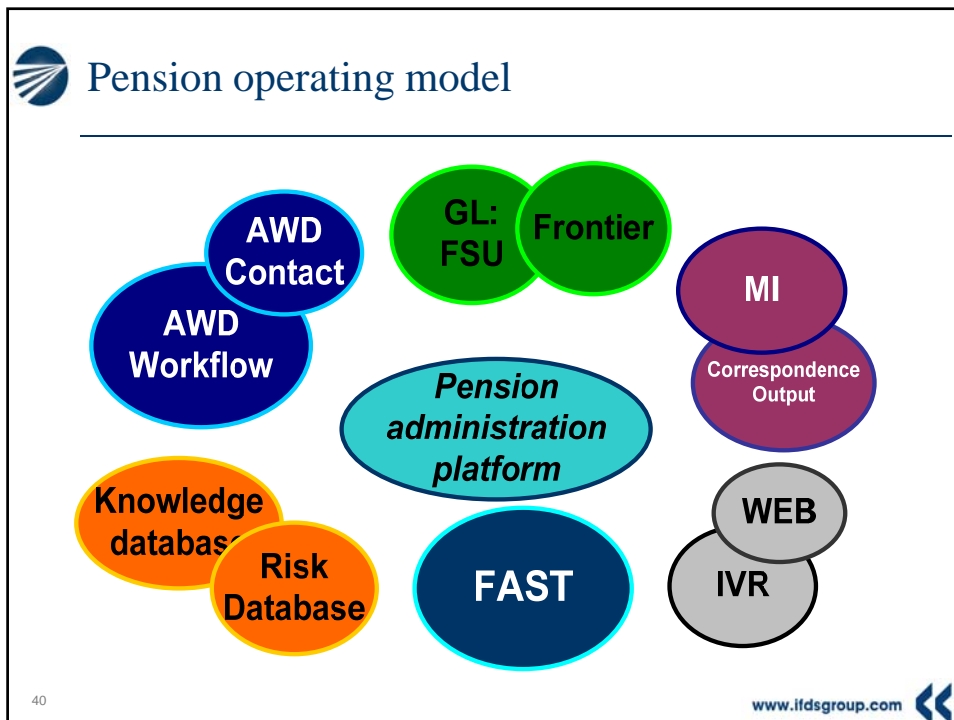
38

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 Pension operating model

- Work to a proven and successful collective administration model
- Different application/update channels – web/phone/paper
- Controlled by workflow
- Quality control – Dual Input on specific deal transactions
- Segregated Duties
- Key performance indicators are monitored and reported on each month
- 24 hour processing evident in many tasks, in excess of 95% of pension administration within the UK and Ireland being completed in 24hrs

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 **To automate service...or not**


Many industries, including banking, travel and retail purchases have embraced service automation. Not so the Pension industry.

We face a “brick wall” supported unwittingly by many elements:




- Industry lethargy
- The FSA and HMRC historically have not supported such initiatives, e.g., opt in regulations and insistence on transfer paperwork
- Payments remain an issue, cheques predominant. Debit cards transactions for large sums usually referred
- Costs of change for a business that is perceived to be declining or static
- Lack of transparency over certain initiatives, e.g., RDR, NEST.

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 **Who and how today?**

The financial industry still largely consists of three different value chains:



Transfer Agency Value Chain

- Mail Room, Scanning & Output
- Account Opening & Dealing
- Settlements & Recon
- Registration & Distributions
- Contact Centre
- Distributor Servicing


Life & Pensions Value Chain

- Product Manufacturing
- Distribution
- Sales
- End-Customer Marketing
- Administration & Servicing
- Asset Management

Insurance Value Chain

- Product Development
- Point of Sale & Service
- Administration & Servicing
- Underwriting
- Reinsurance
- Claims Processing

Some organisations are working at varying degrees at single TA solutions, but no-one is really there yet.

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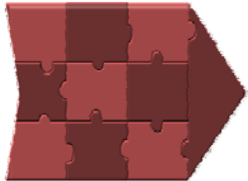
Key drivers for change

The drivers for change differ depending on your role within the market. However, they all point in the same general direction:

	TA	Manufacturers	Distributors
Internal drivers	Cost	Cost	Cost
Customer drivers	Expectations of internet access	Ease of service is a buying factor	A new generation comes into wealth
Market drivers	Wholistic service	Fund performance is everything	RDR

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The same general direction




- Reduced cost of doing business – self-service through automation being the clear conclusion
- An expectation, led by experience in other industries, of Internet access and instructions at will
- Customer expects that they can manage their investments in a single place – Wealth Management
- The costs of doing business with a particular manufacturer will have a direct impact on the accessibility of their products.

Market, customer and internal forces are converging for all three groups in the same direction – self-service for the end customer through electronic media.


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The future?

The Future – version 1	The Future – version 2
<ul style="list-style-type: none"> Largely as it is now... 	<ul style="list-style-type: none"> Customer has choice of service Online service provision and acceptance increasing Costs falling in line as online services increase Industry geared up and open to online solutions Regulators regulating for the 21st century service norms

Apathy and an aversion to change is holding us all back. This is coupled with uncertainty about the future shape of our industry means we are not confronting the opportunities and challenges we face.


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Fully automated customer journey

The following customer journey is investor based for illustrative purposes:

Prospect Investor	Account Set Up & Initial trade	Investor Driven Events	Fund Driven Events	Reporting	Queries
<ul style="list-style-type: none"> Online research Model/Fantasy portfolios Social networking Linked to advisors (Independent or tied) 	<ul style="list-style-type: none"> Online applications Electronic payment (preference in adhoc BACS) 	<ul style="list-style-type: none"> Online maintenance Online portfolio reviews 	<ul style="list-style-type: none"> Distribution payments by BACS Paperless Statements/valuation 	<ul style="list-style-type: none"> E-filing cabinet Email notification of update Investor local printing Permanent store of ALL contact 	<ul style="list-style-type: none"> E-mail queries including some automated responses Web chat for immediate assistance Co-browse for immediate training

Where the investor chooses to use “traditional” contact methods, the industry has honed processes to include automation where possible. e.g. OCR, IVR

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Extending service provision further

Voice biometrics




Specific iPhone "app"



Extend use of tools for "fantasy" portfolio modelling



Further new funds



Save for retirement
Vanguard Target Retirement Funds »
An easy way to invest well for retirement.

Web chat



Annuity comparison



47

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Bringing the BPO strands together



The screenshot shows a user dashboard for 'Phil Goffin' with the following sections:

- Home**: Navigation tabs for Home, Savings & Investments, Pensions, Retirement, Protection.
- About me**: Age: 42, Kids: 2, Wife: 1.
- My top goals**:
 - Goal 1: own a posh 206
 - Goal 2: Build my dream home
- Review**: Review your investment and retirement profile – update your approach to risk with our tools and add new goals. [Find out more](#)
- My Savings accounts**: My Investment Performance, My Pensions Information, My Insurances, My Goals, My Family accounts.
- My Summary Portfolio & Goals: Goffin Family**:

Type	Actual amount	% of goal
My Savings	£105,000	+10%
My Investments	£7,000	+3%
My Pension*	£26,000	-15%
Total	£137,000	-2%


*My current pension savings would equate to an income of £500 per month
My Insured value: £500,000
- Blog & Community**: Share your experiences with our community of My S&P users, and see what people are thinking. [Find out more](#)
- Hot news headlines**:
 - Bond managers sell over £1.2 billion of UK inflation-gate (16:00 23-Apr-2010)
 - Fixed interest returns are under the spotlight following the rethink (16:00 23-Apr-2010)
 - Other Funds Spotlight on Top Open-Fairfund (16:00 23-Apr-2010)
 - Financial Express has awarded 14 funds the maximum Top Choice (16:00 23-Apr-2010)
 - Probing the speed of UCTs (16:00 23-Apr-2010)


48


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 Still believe that there is no need to change?




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 Pension servicing in 2015


1 Same as today

- Paper dominated, service formal and slow
- Little encouragement for new contact methods




2 Fully Automated

- Customer groups self-service with some human contact where necessary
- Human contact is a follow-on from electronic media, e.g. Web chat
- Online services are the norm.



3 Most likely: Somewhere in-between

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We take responsibility so that you can focus on developing your business

- Product development and management teams focused on working to meet clients future product requirements
- Continuous investment in process improvement
- Strong “Can Do” culture supported by the necessary technology to provide excellent service
- Best products in marketplace
 - High quality systems (business function and control)
 - Develop capability to meet our clients evolving business requirements
 - Demonstrable record of capital investment in the investor record-keeping business (i.e. FAST, AWD, Internet, Cofunds, facilities, Percana)
 - Flexible service model
 - Consistent high quality administration services
 - Flexible MIS
 - Flexible output

51
Document classification: Confidential

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Any questions...

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52

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